

Honolulu, Hawaii

FEB 11 2014

RE: S.B. No. 2893
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B.
No. 2893 entitled:

"A BILL FOR AN ACT RELATING TO TRUST FUND LIABILITY FOR
AMOUNTS PASSED ON AS TAX,"

begs leave to report as follows:

The purpose and intent of this measure is to create trust
fund liability for taxes that are passed on as taxes owed by the
taxpayer for a transaction.

The Department of Taxation provided testimony in support of
this measure. The Tax Foundation of Hawaii provided comments on
this measure.

Your Committee finds that businesses are administratively
allowed to pass on certain taxes to consumers. However,
businesses do not always remit the entirety of those amounts to
the State, either in an attempt to avoid paying taxes or because
they dispute their liability for the taxes owed. This measure
will therefore expedite the resolution of tax disputes in cases
where the taxes are passed on to the consumer.

Your Committee has amended this measure by:

- (1) Clarifying that the taxpayer's trust fund liability is
reduced by amounts collected but returned to their
sources; and



- (2) Making technical nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2893, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2893, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



DAVID Y. IGE, Chair



The Senate
Twenty-Seventh Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* <div style="font-size: 1.2em; font-family: cursive;">SB 2893</div>	Committee Referral: <div style="font-size: 1.2em; font-family: cursive;">WAM</div>	Date: <div style="font-size: 1.2em; font-family: cursive;">2-5-14</div>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div> <input type="checkbox"/> Pass, unamended 2312 </div> <div> <input checked="" type="checkbox"/> Pass, with amendments 2311 </div> <div> <input type="checkbox"/> Hold 2310 </div> <div> <input type="checkbox"/> Recommit 2313 </div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
IGE, David Y. (C)	✓			
KIDANI, Michelle N. (VC)	✓			
CHUN OAKLAND, Suzanne	✓			
DELA CRUZ, Donovan M.	✓			
ENGLISH, J. Kalani	✓			
ESPERO, Will	✓			
KAHELE, Gilbert	✓			
KEITH-AGARAN, Gilbert S.C.	✓			
KOUCHI, Ronald D.				✓
RUDERMAN, Russell E.	✓			
THIELEN, Laura H.		✓		
TOKUDA, Jill N.				✓
SLOM, Sam		✓		
	9	2	0	2
Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted </div>				
Chair's or Designee's Signature: <div style="font-size: 1.2em; font-family: cursive; text-align: center;">Michelle N. Kidani</div>				
Distribution: <div style="display: flex; justify-content: space-between; font-size: 0.8em;"> <div>Original File with Committee Report</div> <div>Yellow Clerk's Office</div> <div>Pink Drafting Agency</div> <div>Goldenrod Committee File Copy</div> </div>				

*Only one measure per Record of Votes